

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 CIEP-01 FAA-00 SS-15 NSC-05

L-03 H-02 PA-01 USIA-06 PRS-01 SP-02 EUR-12 FBIE-00

SEC-01 /076 W

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R 151038Z JUL 76

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 6551

INFO AMCONSUL KARACHI

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FROM AMBASSADOR BYROADE

E.O. 11652: N/A

TAGS: PK, US, PGOV, EAIR

SUBJ: BOEING-PIA PAYOFF CASE

REF: ISLAMABAD 6318

SUMMARY: THE PAK GOVT IS INVESTIGATING THE ALLEGATIONS IN THE JUNE 15 ISSUE OF THE WALL STREET JOURNAL THAT BOEING PAYOFFS WERE MADE TO PAKISTANIS IN CONNECTION WITH AIRCRAFT SALES TO PIA. IN THIS CONNECTION, THE GOP IS VERY DESIROUS OF SENDING THE DIRGEN OF THE FEDERAL INVESTIGATION AGENCY (FIA) TO WASHINGTON TO TALK WITH USG AND PERHAPS SENATE OFFICIALS IF THE US SIDE WOULD BE PREPARED TO RECEIVE AND SHARE INFORMATION WITH HIM. DURING HIS WASHINGTON STAY, THE DIRGEN ALSO HOPES TO PAY A SEPARATE VISIT TO FBI HDQRS. PLEASE REPLY ASAP. END SUMMARY.

1. THE DEPT WILL RECALL, VIA REFTEL, THAT GOP MINSTATE AZIZ AHMED TOLD THE PAK SENATE ON JUNE 21 THAT THE GOP

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WOULD HOLD A THOROUGH INVESTIGATION INTO THE REPORTED

PAYMENTS OF QUESTIONABLE COMMISSIONS BY BOEING TO PAKISTANIS, IN CONNECTION WITH THE SALE OF ELEVEN AIRCRAFT TO PIA OVER A PERIOD OF YEARS. SUBSEQUENTLY, ON JULY 7, FIA DIRGEN M.A.K. CHAUDHRY TOLD ME AT A RECEPTION THAT HE MIGHT WANT TO GO TO THE US REGARDING THIS INVESTIGATION, AND ON JULY 14 THIS WAS FORMALLY NOTIFIED TO ME WHEN I WAS CALLED TO THE MFA TO DISCUSS THIS WITH CHAUDHRY AND MFA DIRGEN (AMERICAS) HYDER PRESENT.

2. CHAUDHRY SAID THAT THE GOP ACCEPTED AND HAD NO QUARREL WITH ANY LEGITIMATE PAYMENT OF AGENCY AND RETAINER FEES BY BOEING TO ITS REP IN PAKISTAN. THE GOP'S CONCERN AROSE FROM THE ALLEGATIONS IN THE JUNE 15 WALL STREET JOURNAL ARTICLE THAT PAYMENTS OVER AND ABOVE ESTABLISHED COMMISSIONS HAD BEEN MADE AND THAT THESE HAD BEEN DEPOSITED IN SECRET FOREIGN BANK ACCOUNTS. IN CONNECTION WITH THE FIA'S INVESTIGATION INTO THIS MATTER, CHAUDHRY SAID HE WOULD LIKE TO GO TO WASHINGTON TO TALK WITH APPROPRIATE US OFFICIALS, IF THE US SIDE WERE PREPARED TO HELP AND SHARE INFORMATION WITH HIM. HE SAID THAT HE HAD TENTATIVELY IN MIND THREE PLACES WHERE HE MIGHT PAY CALLS BUT WAS NOT SURE THESE WERE THE APPROPRIATE ONES: (1) THE SECURITIES AND EXCHANGE COMMISSION; (2) THE IRS; AND (3) THE SENATE COMMITTEE WHICH HAS BEEN LOOKING INTO PAYOFFS BY US FIRMS. HE HOPED THAT THESE OR OTHER US OFFICES MIGHT HAVE USEFUL INFORMATION WHICH COULD BE SHARED WITH THE GOP. FROM A TIMING POINT OF VIEW, HE COULD DEPART FOR WASHINGTON IN TEN DAYS TO TWO WEEKS' TIME (I.E., JULY 25 ONWARDS), AND WOULD LIKELY WISH TO TAKE WITH HIM ONE OR TWO OF HIS SENIOR STAFF.

3. I TOLD CHAUDHRY THAT THE MB ITSELF HAD NO INFORMATION ON THE BOEING-PIA CASE BEYOND WHAT WE HAD READ IN THE PAPERS, AND NO IDEA TOO WHETHER ADDITIONAL INFORMATION WAS AVAILABLE IN WASHINGTON. I SAID I DID REMEMBER READING THAT BOEING ITSELF HAD DEINED HAVING DONE ANYTHING IMPROPER. I TOLD HIM I WOULD BE PLEASED TO PASS ON HIS TRIP REQUEST TO WASHINGTON AND HOPED WE COULD REPORT BACK TO HIM SOON.

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4. IF ANY OF THE THREE MENTIONED PLACES OR SOME OTHER AGENCY HAS ANYTHING ON THIS CASE, OR HAVE ANY INTEREST IN LOOKING INTO IT, I WOULD HOPE THAT THIS CAN BE TRANSLATED INTO A MESSAGE OF WELCOME TO CHAUDHRY TO COME TO WASHINGTON. SINCE FIA IS THE GOP AGENCY CHARGED WITH MAKING THE INVESTIGATION INTO THIS CASE, I AM SURE CHAUDHRY HOPES HE WILL GET A GREEN LIGHT TO COME, IF FOR NO OTHER REASON THAT HE WOULD BE IN A POSITION

WHEN HE MAKES HIS FINAL REPORT TO HIS MINISTERIAL SUPERIORS TO SAY HE HAD PERSONALLY EXPLORED THE SUBJECT WITH US OFFICIALS IN WASHINGTON. IT WOULD ALSO HELP OUR IMAGE WITH THE GOP THAT THE USG WAS NOT TRYING TO HIDE ANYTHING.

5. I WOULD ALSO LIKE TO SEE CHAUDHRY GO TO WASHINGTON FOR ANOTHER REASON. CHAUDHRY IS AN IMPRESSIVE BUREAUCRAT, AN OFFICIAL WHO HAS THE TRUST OF THE PM AND WITH WHOM, I THINK, IT IS IN OUR INTEREST TO BE ON THE GOOD SIDE OF AND TO HAVE HIM FAVORABLY DISPOSED TOWARD THE US. URBANE AND INTELLIGENT, HE IS WELL THOUGHT OF BY THOSE IN OUR MISSION ACQUAINTED WITH FIA. IN JUST ONE AND A HALF YEARS, HE HAS BUILT FIA INTO PERHAPS THE MOST RESPECTED LAW ENFORCEMENT ARM IN PAKISTAN. THE FIA, AS WASHINGTON PERHAPS KNOWS, HAS FUNCTIONS IN SOME RESPECTS SIMILAR TO OUR OWN FBI.

6. SHOULD CHAUDHRY VISIT WASHINGTON, HE SAID HE WOULD LIKE TO USE THE OPPORTUNITY TO CALL ON FBI HDQRS TO ESTABLISH A PROFESSIONAL TIE THERE AS WELL AS FOR CERTAIN OTHER REASONS (SEPTTEL FOLLOWS).

7. IF POSSIBLE, I WOULD BE GRATEFUL IF THE DEPT COULD GET ME A REPLY ON THIS MATTER BY EARLY NEXT WEEK.
BYROADE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BRIBERY, INVESTIGATIONS, ALLEGATIONS, AIRCRAFT SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ISLAMA07194
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760274-0611
From: ISLAMABAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760756/aaaabxan.tel
Line Count: 139
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 ISLAMABAD 6318
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUN 2004 by BoyleJA>; APPROVED <15 OCT 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BOEING-PIA PAYOFF CASE
TAGS: PGOV, EAIR, PK, US, BOEING, PIA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006